



[6450-01-P]

DEPARTMENT OF ENERGY

[FE Docket No. 13-161-LNG]

Gasfin Development USA, LLC; Application for Long-Term Authorization to Export Liquefied Natural Gas Produced from Domestic Natural Gas Resources to Non-Free Trade Agreement Countries for a 20-Year Period

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of application.

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy (DOE) gives notice of receipt of an application (Application) filed on December 24, 2013, by Gasfin Development USA, LLC (Gasfin), requesting long-term, multi-contract authorization to export liquefied natural gas (LNG) produced from domestic sources in a volume equivalent to approximately 74 billion cubic feet per year (Bcf/yr) of natural gas, or 0.2 Bcf per day (Bcf/d). Gasfin seeks authorization to export the LNG by vessel from the proposed Gasfin LNG Export Project, a mid-scale natural gas liquefaction and LNG export terminal to be located along the Calcasieu River in Cameron Parish, Louisiana (the Project), for a 20-year term commencing on the earlier of the date of first export or eight years from the date the authorization is granted. Gasfin requests authorization to export the LNG by vessel to any country with which the United States does not have a free trade agreement (FTA) requiring national treatment for trade in natural gas (non-FTA countries), and with which trade is not prohibited by U.S. law or policy. Gasfin requests this authorization on its own behalf and as agent for other parties who hold title to the LNG at the time of export. The Application was filed under section 3(a) of the Natural Gas Act (NGA).

DATES: Protests, motions to intervene or notices of intervention, as applicable, requests for additional procedures, and written comments are to be filed using procedures detailed in the **Public Comment Procedures** section no later than 4:30 p.m., Eastern time, [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES:

Electronic Filing by email:

fergas@hq.doe.gov

Regular Mail

U.S. Department of Energy (FE-34)
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy
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Hand Delivery or Private Delivery Services (e.g., FedEx, UPS, etc.)

U.S. Department of Energy (FE-34)
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FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

Background

Applicant. Gasfin states that it is a Delaware limited liability company with its principal place of business in Strassen, Luxembourg. Gasfin is a wholly owned subsidiary of Gasfin Development S.A. (Gasfin Development), a Luxembourg company that develops, owns and manages mid-scale LNG infrastructure.

According to Gasfin, Gasfin Development is management controlled by Roland Fisher (CEO) and Vladimir Puklavec (Chairman). Gasfin Development's affiliated operating group companies are TGE Gas Engineering GmbH (TGE Gas) and TGE Marine Gas Engineering GmbH (TGE Marine)—both limited companies set up in Bonn, Germany. Gasfin Development management holds 40 percent of the share capital of TGE Gas and TGE Marine. China International Marine Containers (Group) Co., Ltd., a publicly traded Chinese manufacturing group listed on the Shenzhen Stock Exchange, is a 60 percent shareholder of TGE Gas. Caledonia Investments plc, a publicly traded UK Investment Trust listed on the London Stock Exchange, is a 60 percent shareholder of TGE Marine.

Procedural History. On March 7, 2013, DOE/FE issued Order No. 3253, in which it authorized Gasfin to export LNG produced from domestic sources to FTA countries (*i.e.*, countries with which the United States currently has, or in the future will have, a free trade agreement requiring national treatment for trade in natural gas)¹ in a volume equivalent to approximately 74

¹ The United States currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore. FTAs with Israel and Costa Rica do not require national treatment for trade in natural gas.

Bcf/yr of natural gas (0.2 Bcf/d), or 1.5 million metric tons per annum (mtpa) of LNG.² This is the same volume of LNG requested for exported to non-FTA countries in the current Application.

Liquefaction Project. Gasfin seeks long-term authorization to export domestically produced LNG from the Gasfin LNG Export Project, which Gasfin proposes to construct, own, and operate. Gasfin states that the Project will be located on a 65-acre site along the Calcasieu River in Cameron Parish, Louisiana. Gasfin states that construction of the Project will occur in three phases, with each phase capable of producing 0.5 mtpa of LNG (approximately 67.5 million standard cubic feet per day of natural gas) for a total of 1.5 mtpa. Gasfin anticipates that the Project will have LNG storage capacity ranging from 80,000 cubic meters (m³) to 200,000 m³, to be completed as single or multiple tanks depending on Project phasing.

Gasfin states that it will construct a single berth to accommodate mid-scale LNG carriers ranging in size from 10,000 m³ to 174,000 m³.³ The Project also will include a pipeline (approximately 3 to 11 miles long) to link the Project to the existing gas pipeline network, as well as common facilities including control and administration buildings, utilities, and a flare.

Current Application

Gasfin requests long-term, multi-contract authorization to export LNG in a volume equivalent to approximately 74 Bcf/yr of domestic natural gas (0.2 Bcf/d) by vessel from the proposed Gasfin LNG Export Project to any non-FTA country which has developed or in the future develops the capacity to import LNG, and with which trade is not prohibited by U.S. law or policy. Gasfin requests this authorization for a 20-year term commencing on the earlier of the date of first export or eight years from the date the requested authorization is granted.

² *Gasfin Development USA, LLC*, DOE/FE Order. No. 3253, Docket No. 13-06-LNG, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Gasfin LNG Export Project in Cameron Parish, Louisiana, to Free Trade Agreement Nations (March 7, 2013).

Gasfin seeks to export the requested LNG on its own behalf and as agent for third parties who hold title to the LNG at the time of export. Gasfin states that it will comply with all DOE/FE requirements for exporters and agents as set forth in recent DOE/FE orders, including registering each LNG title holder for whom Gasfin seeks to export as agent. Gasfin states that this registration will include a written statement by the title holder acknowledging and agreeing to comply with all applicable requirements included by DOE/FE in Gasfin's export authorization. Gasfin further states that it will include those requirements in any subsequent purchase or sale agreement entered into by that title holder. In addition, Gasfin states that it will file under seal with DOE/FE any relevant long-term commercial agreements between Gasfin and the LNG title holder, once those agreements have been executed.

Gasfin states that the proposed Project site is located in close proximity to various major interstate and intrastate pipeline systems, including those of Tennessee Gas Pipeline Company, ANR Pipeline Company, Bridgeline Holdings, L.P., Columbia Gulf Transmission Company, and Natural Gas Pipeline Company of America. According to Gasfin, specific interconnections with these neighboring pipelines will be driven by customer demand for delivery and receipt points.

Gasfin states that the planned construction of a short pipeline (approximately 3 to 11 miles long), to be built either by Gasfin or a third-party pipeline company, will allow the Project to interconnect with major pipeline systems that span large regions of the United States and cross multiple conventional and unconventional gas plays. As a result, Gasfin asserts that the Project will be able to source gas from almost any point on the U.S. natural gas pipeline grid through direct physical delivery, by displacement on the spot market, or pursuant to long-term supply arrangements.

Gasfin states that it has not yet entered into long-term supply and long-term LNG purchase and sale or export agreements, but it is engaged in commercial discussions with various potential regional and international large industrial customers. Gasfin further states that it has commenced negotiations with the neighboring pipelines for transportation capacity, interconnection points, and the development of the planned pipeline. According to Gasfin, it will finalize these arrangements once commercial discussions progress with potential customers. Gasfin states that it will submit transaction-specific information to DOE/FE when such contracts are executed.

Public Interest Considerations

Gasfin contends that publicly available information demonstrates that the United States has significant natural gas resources to meet projected future domestic needs, including the quantities requested for export to non-FTA countries in the current Application. Gasfin maintains that it is evident from the current supply/demand balance of natural gas in the United States that its requested authorization will not impinge on any national or regional need for the gas. In support of the Application, Gasfin addresses the following:

Domestic Natural Gas Supply. Gasfin contends that the U.S. Energy Information Administration's (EIA) *Annual Outlook 2013* (AEO 2013) supports the view that the U.S. natural gas resource base continues to expand rapidly. Gasfin highlights AEO 2013 projections that U.S. dry natural gas production will total 33.14 trillion cubic feet (Tcf) (90.8 Bcf/d) by 2040, an increase of 10.14 Tcf (27.8 Bcf/d), or 44.1%, from production levels of 23.0 Tcf (63.0 Bcf/d) in 2011. Gasfin also notes EIA's short-term forecast, which projects domestic marketed production to increase from 69.2 Bcf/d in 2012 to 70.4 Bcf/d in 2013, marking a third record-breaking year in a row. Pointing to EIA's 2014 projections, Gasfin asserts that this trend is expected to continue.

Gasfin next points to recent industry evaluations that, according to Gasfin, reflect a robust outlook for increased domestic natural gas supply capacity. As one example, Gasfin highlights a natural gas resource assessment prepared by the Potential Gas Committee of the Colorado School of Mines (Potential Gas Committee) in April 2013. Gasfin states that the Potential Gas Committee raised its prior estimates of the U.S. technically recoverable gas resource base by 486 Tcf, or 25.6%, to 2,384 Tcf at year-end 2012, the highest resource evaluation in the group's 48-year history.

Gasfin concludes that the Potential Gas Committee resource assessment, AEO 2013, and other publicly available information demonstrate that the United States has sufficient natural gas resources available at modest prices to meet projected domestic demand over the next 25 years.

Domestic Natural Gas Demand. Citing the AEO 2013 Reference Case, Gasfin states that the domestic natural gas market is projected to grow at a 0.7% annual rate through 2040, with demand projected to expand to 29.54 Tcf of natural gas (80.9 Bcf/d) in 2040 from 24.37 Tcf (66.7 Bcf/d) in 2011.

Supply-Demand Balance. Gasfin contends that recent trends in the U.S. natural gas market demonstrate that there is little, if any, domestic need for the natural gas that would be exported as a result of its requested authorization. Citing EIA data, Gasfin asserts that U.S. natural gas production has been growing at almost twice the rate of domestic demand growth since 2005. According to Gasfin, this trend demonstrates that available natural gas reserves exceed current demand, and that future resources exist well in excess of projected long-term domestic needs. Gasfin notes that the AEO 2013 Reference Case projects that domestic natural gas production is expected to exceed domestic consumption by 3.6 Tcf (9.86 Bcf/d) by 2040. Gasfin reiterates that

this surplus of deliverable supply demonstrates that resources are available for export and would not interfere with the public interest.

Price Impacts. Gasfin maintains that EIA data and other publicly-available information demonstrate that the United States has sufficient natural gas resources available at modest prices to meet projected domestic demand over the export period requested by Gasfin in the Application. To support this point, Gasfin discusses two studies: (i) The NERA Study, which concluded that the largest price impacts after five years of LNG export growth would range from \$0.22 to \$1.11 per Mcf, and that exports of LNG will provide a net economic benefit to the United States, regardless of the amount of LNG that is exported; and (ii) the ICF State-Level Study, which projected net gross domestic product gains in natural gas producing states ranging from \$10 to \$31 billion and up to \$2.6 billion to \$5 billion for non-natural gas producing states by 2035, as well as net jobs gains nationwide in 2035.

Based on these factors, Gasfin maintains that the proposed exports are not inconsistent with the public interest. Additional details can be found in Gasfin's Application, which is posted on the DOE/FE website at:

http://www.fossil.energy.gov/programs/gasregulation/authorizations/2013_applications/13_161_in_gnfta.pdf.

Environmental Impact

Gasfin states that the potential environmental impact of the Project will be reviewed by the Federal Energy Regulatory Commission (FERC). Gasfin further states that FERC will conduct that review in conjunction with Gasfin's request to site, construct, and operate the Project under section (3) of the NGA. Gasfin states that, consistent with the National Environmental Policy Act (NEPA), 42 U.S.C. 4321 *et seq.*, FERC will act as the lead agency for the environmental review, with DOE

acting as a cooperating agency. Gasfin anticipates requesting authorization to commence FERC's mandatory NEPA pre-filing review process for the Project once the commercial discussions with potential customers and project partners have progressed.

DOE/FE Evaluation

The Application will be reviewed pursuant to section 3(a) of the NGA, 15 U.S.C. 717b(a), and DOE will consider any issues required by law or policy. To the extent determined to be relevant, these issues will include the domestic need for the natural gas proposed to be exported, the adequacy of domestic natural gas supply, U.S. energy security, and the cumulative impact of the requested authorization and any other LNG export application(s) previously approved on domestic natural gas supply and demand fundamentals. DOE may also consider other factors bearing on the public interest, including the impact of the proposed exports on the U.S. economy (including GDP, consumers, and industry), job creation, the U.S. balance of trade, and international considerations; and whether the authorization is consistent with DOE's policy of promoting competition in the marketplace by allowing commercial parties to freely negotiate their own trade arrangements. Parties that may oppose this Application should address these issues in their comments and/or protests, as well as other issues deemed relevant to the Application.

NEPA requires DOE to give appropriate consideration to the environmental effects of its decisions. No final decision will be issued in this proceeding until DOE has met its environmental responsibilities.

Due to the complexity of the issues raised by the Applicant, interested persons will be provided 60 days from the date of publication of this Notice in which to submit comments, protests, motions to intervene, notices of intervention, or motions for additional procedures.

Public Comment Procedures

In response to this Notice, any person may file a protest, comments, or a motion to intervene or notice of intervention, as applicable. Any person wishing to become a party to the proceeding must file a motion to intervene or notice of intervention, as applicable. The filing of comments or a protest with respect to the Application will not serve to make the commenter or protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate action to be taken on the Application. All protests, comments, motions to intervene, or notices of intervention must meet the requirements specified by the regulations in 10 CFR part 590.

Filings may be submitted using one of the following methods: (1) e-mailing the filing to fergas@hq.doe.gov with FE Docket No. 13-161-LNG in the title line; (2) mailing an original and three paper copies of the filing to the Office of Oil and Gas Global Security and Supply at the address listed in ADDRESSES; or (3) hand delivering an original and three paper copies of the filing to the Office of Oil and Gas Global Security and Supply at the address listed in ADDRESSES. All filings must include a reference to FE Docket No. 13-161-LNG. PLEASE NOTE: If submitting a filing via email, please include all related documents and attachments (e.g., exhibits) in the original email correspondence. Please do not include any active hyperlinks or password protection in any of the documents or attachments related to the filing. All electronic filings submitted to DOE must follow these guidelines to ensure that all documents are filed in a timely manner. Any hardcopy filing submitted greater in length than 50 pages must also include, at the time of the filing, a digital copy on disk of the entire submission.

A decisional record on the Application will be developed through responses to this notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking

intervention may request that additional procedures be provided, such as additional written comments, an oral presentation, a conference, or trial-type hearing. Any request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify the substantial question of fact, law, or policy at issue, show that it is material and relevant to a decision in the proceeding, and demonstrate why an oral presentation is needed. Any request for a conference should demonstrate why the conference would materially advance the proceeding. Any request for a trial-type hearing must show that there are factual issues genuinely in dispute that are relevant and material to a decision, and that a trial-type hearing is necessary for a full and true disclosure of the facts.

If an additional procedure is scheduled, notice will be provided to all parties. If no party requests additional procedures, a final Opinion and Order may be issued based on the official record, including the Application and responses filed by parties pursuant to this notice, in accordance with 10 CFR 590.316.

The Application is available for inspection and copying in the Division of Natural Gas Regulatory Activities docket room, Room 3E-042, 1000 Independence Avenue, S.W., Washington, DC 20585. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays. The Application and any filed protests, motions to intervene or notice of interventions, and comments will also be available electronically by going to the following DOE/FE Web address: <http://www.fe.doe.gov/programs/gasregulation/index.html>.

Issued in Washington, D.C., on July 25, 2014.

John A. Anderson,
Director, Division of Natural Gas Regulatory Activities,
Office of Oil and Gas Global Security and Supply,
Office of Oil and Natural Gas.

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